The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State’s financial position, which assists in assessing the State’s economic condition at the end of the fiscal year.

Statements are prepared using the economic resources measurement focus and the accrual basis of accounting. In other words, they follow methods that are similar to those used by most businesses, including all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid. The government-wide financial statements include two statements: the Statement of Net Position and the Statement of Activities.

### STATE TIDBITS

- **Gemstones** - Sapphire and Montana Agate
- **Fish** - Blackspotted Cutthroat Trout
- **Bird** - Western Meadowlark
- **Animal** - Grizzly Bear
- **Flower** - Bitterroot
- **Tree** - Ponderosa Pine
- **State** - 41st state to be admitted to the Union
- **Population** (2018 est) 1,062,305

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<table>
<thead>
<tr>
<th>Statement of Net Position</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2019</strong></td>
<td></td>
</tr>
<tr>
<td><em>(amounts expressed in thousands)</em></td>
<td><em>(amounts expressed in thousands)</em></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td><strong>Governmental Activities</strong></td>
</tr>
<tr>
<td><strong>Deferred outflows of resources</strong></td>
<td>12,243,300</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>779,931</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources</strong></td>
<td>3,615,248</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>9,195,927</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Revenue</strong></th>
<th><strong>Governmental Activities</strong></th>
<th><strong>Business - Type Activities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td>6,774,615</td>
<td>527,948</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>6,109,248</td>
<td>422,087</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>55,786</td>
<td>(55,786)</td>
</tr>
<tr>
<td><strong>Beginning net position, as adjusted</strong></td>
<td>721,153</td>
<td>50,075</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>8,474,774</td>
<td>432,493</td>
</tr>
</tbody>
</table>

| **Total net position** | 9,195,927 | 482,568 |
Both governmental and business-type activities’ revenues have increased more than their respective expenses, resulting in an increase change in net position in each of the three years presented below.

**Revenues**

**Governmental**

**Business-Type**

**Expenses**

**Governmental**

**Business-Type**
GOVERNMENTAL ACTIVITIES

- Mostly supported by taxes and intergovernmental revenues
- Federal grants are considered governmental activities
- Internal service funds are considered governmental activities
- Includes education, general government, health & human services, natural resources and transportation activities

Revenues

- Other: 3.6%
- Capital Grants: 7.8%
- Charges for Services: 9.2%
- Operating Grants: 38.6%
- Taxes: 40.8%

Expenses

- Interest on Long-Term Debt: 0.1%
- Natural Resources: 5.0%
- Public Safety: 7.0%
- Transportation: 9.0%
- General Government: 13.5%
- Education: 21.5%
- Health and Human Services: 43.9%
Cost recovery through user fees & charges to external users of goods and services

Major business type activities include:
- Unemployment Insurance Fund - employer contributions deposited with the US Secretary of the Treasury, in which unemployment benefits are paid to eligible recipients
- Municipal Finance Programs Fund - assists small businesses & local governments to obtain long-term, fixed rate financing

**Revenues**

- Capital Grants: 0.1%
- Liquor Stores: 0.5%
- Taxes: 5.7%
- Operating Grants: 12.9%
- Charges for Services: 80.8%

**Expenses**

- Hail Insurance: 0.2%
- Municipal Finance Prog: 0.7%
- MUS Workers Comp: 0.9%
- Prison Funds: 2.2%
- State Lottery: 11.4%
- Gen Gov’t Services: 16.7%
- MUS Group Insurance: 20.9%
- Liquor Stores: 21.3%
- Unemployment Insurance: 25.7%
Most of the basic services provided by the State are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near term inflows and outflows of spendable resources. The State's five major governmental funds are the General Fund, the State Special Revenue Fund, the Federal Special Revenue Fund, the Coal Severance Tax Fund, and the Land Grant Fund.

### Agriculture
- 2.5 million head of cattle
- 2018 cattle sales $1.4 billion
- Wheat production increased 13.0%
- Durum production decreased 3.4%
- Oat & barley production up 36.5% & 32.1%

### Natural Resources/Mining
- Employed 7,300 workers, increase of 2.8%
- 302 million barrels of proven oil reserves
- 118.5 billion short tons of coal reserves
- This represents 25% of total US reserves

### Employment
- 3.4% unemployment rate in 2018
- 484,700 people employed in nonfarm non-adjusted jobs in August 2019
- Payroll employment growth averaged 0.8% from 2008 to 2018
GENERAL FUND ACTIVITIES

Fund Balance
- Fund Balance totaled $443.4 million
  - Increase of $244.1 million
  - $4.2 million non-spendable
  - $60.7 million committed
  - $17.2 million assigned
  - $361.3 million unassigned

Revenues
- Revenues totaled $2.5 billion, 8.2% overall increase

Expenditures
- Expenditures totaled $2.2 billion, 2.4% overall increase
  - $28.6 million increase in education
  - $10.0 million increase in general government
  - $9.2 million increase in health and human services

MAJOR INITIATIVES

Major Financial Highlights of the 2019 Biennium Budget
- Passed Senate Bill (SB) 125 to create a state reinsurance program to lower the cost of health insurance for Montanans on the individual marketplace by 10-20%
- Passed House Bill (HB) 652 authorizing general obligation bonds for capital & statewide infrastructure projects totaling $79.9 million
- Passed SB352 to appropriate $3.8 million on an annual basis to update & maintain public safety radio system infrastructure for the benefit of law enforcement statewide
- $14.4 million designated as funding for a tuition freeze for higher education
- Medicaid expansion renewal resulted in continued coverage for almost 100,000 people
- Over the biennium, $6.3 million was appropriated for cybersecurity enhancements throughout the state
- Major maintenance aid increased by $14.0 million for K-12 schools
The State of Montana is pleased to present its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019. The material in this report is derived from the Comprehensive Annual Financial Report (CAFR), prepared in accordance with Generally Accepted Accounting Principles (GAAP) during the same reporting period. The data in the PAFR is an unaudited summary and not in accordance with GAAP, as it does not include all the financial statements, funds, component units or other disclosures included in the CAFR. A copy of the fiscal year 2019 CAFR may be obtained on the State's website at www.sfsd.mt.gov/SAB/cafr

Prepared by the Department of Administration